

To build a **thriving** economy driven by innovative, entrepreneurial, and globally competitive companies that make productive use of **technology** and the state's **human, educational, and natural** resources.



GOAL TWO

OBJECTIVES

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- 2.1 To retain, modernize, and grow Louisiana's existing industries and grow emerging technology-based businesses through cluster-based development practices
 - 2.2 To significantly increase public and private research and development activity
 - 2.3 To increase the availability of capital for all stages of business development and provide management assistance to emerging businesses
 - 2.4 To provide effective mechanisms for industry access to university-based technologies and expertise
 - 2.5 To aggressively encourage and support entrepreneurial activity
 - 2.6 To develop and promote Louisiana's transportation infrastructure
 - 2.7 To assess, build, and capitalize on Louisiana's information and telecommunications infrastructure.
 - 2.8 To have an equitable tax structure, regulatory climate, and civil justice system conducive to business retention and the creation and growth of innovative companies.

Goal Two:

To build a thriving economy driven by innovative, entrepreneurial, and globally competitive companies that make productive use of technology and the state's human, educational, and natural resources.

Objective 2.1 – To retain, modernize, and grow Louisiana's existing industries and grow emerging technology-based businesses through cluster-based development practices

Economic developers throughout the country now recognize that businesses benefit from locating in clusters, where they can share a skilled workforce, suppliers, and customized support services (i.e., accountants and lawyers who know the industry). Clusters are most often defined as "a geographically bounded concentration of similar, related or complementary businesses, with active channels for business transactions, communications and dialogue, that share specialized infrastructure, labor markets and services, and that are faced with common opportunities and threats." (*A Governor's Guide to Cluster-Based Economic Development*, National Governor's Association). As a result, it benefits regions to focus on existing clusters – to take care of the needs of the companies within them-- so the companies and clusters will grow.

For states like Louisiana whose existing clusters are primarily in industries that are not expected to generate large numbers of new, quality jobs in the coming years, growth will be achieved by focusing on selecting emerging clusters, those for which the state has some private sector base as well as research assets to support growth. Louisiana must continue to target its investments in both the existing and emerging business clusters in order to see growth that can set the state apart regionally, nationally, and globally.

Benchmarks to track progress toward Objective 2.1 include:

- Louisiana's targeted clusters (number of firms, employment, average weekly wages)
- Manufacturing employment
- Technology-intensive employment and establishments as a percentage of the total
- Number of regions with cluster-based economic development strategies
- Firms that export, per 1,000 firms
- Foreign direct investment per capita
- Business vitality rank (among the 50 states)
- Gross farm, forestry and fishery income
- Value added for agricultural commodities
- Annual number of acres of timberland/wetlands reforested (hardwood and pine)
- Annual production dollars spent in the film and video industry
- Tourism (employment generated and visitor spending)
- Number of visitors (out of state, international, and at Louisiana's state parks)
- Total capital investment in oil and gas infrastructure by type of infrastructure (oil and gas production facilities, refineries, gas processing facilities, natural gas pipelines, and natural gas storage)

Objective 2.2 – To significantly increase public and private research and development activity

Research and development serves as the basis for new products and processes. While Louisiana compares relatively well in university-performed R&D, the state's share of the nation's federal and industry R&D is extremely low. Industry-performed R&D represents 75% of the nation's total R&D commitment. Moreover, industry research is much closer to the marketplace, so it is the most likely to have a near-term commercial impact. To further stimulate private R&D, in the 2002 Special Session, Louisiana passed an R&D tax credit. While this marketable tax credit should help, Louisiana must continue to invest in university research, encourage professors to seek research grants, and continually search for new federal R&D opportunities. Louisiana must also seek new, creative ways of leveraging its university research successes into larger industrial research commitments.

Benchmarks to track progress toward Objective 2.2 include:

- R&D per \$1,000 gross state product (industry-performed, federally-performed, and university-performed)
- Research & development expenditures per capita (percent of national average)
- Percentage of recent science and engineering Ph.D.s in the workforce
- Number of patents issued per 10,000 business establishments

Objective 2.3 - To increase the availability of capital for all stages of business development and provide management assistance to emerging businesses

Entrepreneurs often cite the availability of capital as the single most important component of starting a business. Venture capitalists tend to respond that a great business plan and a strong team are more critical, and increase the likelihood that a company will receive funding. Both are accurate. The availability of seed and venture capital and debt financing is a key factor for growing local companies from an idea to a successful, high-growth organization. It also can be helpful in attracting technology-based companies to the state. By the same token, young companies need management assistance from the investors who back them. Scientists and engineers who have developed a new technology know their technology well, but may not be prepared for the marketing and business management that is required for a company to succeed.

Louisiana must search for strategies that make all levels of capital (seed, early stage, mezzanine, etc) available, that attract risk capital investors from out of state, and that create networks of investors who openly assist and support entrepreneurs.

Benchmarks to track progress toward Objective 2.3 include:

- Venture capital disbursements
- Total SBIC dollars awarded to Louisiana companies (5-year average)
- State dollars invested annually, either directly or indirectly, to spur venture capital investments in Louisiana

Objective 2.4 - To provide effective mechanisms for industry access to university-based technologies and expertise

The importance of colleges and universities for economic development has increased dramatically with the rise of the knowledge economy and the passage of federal legislation allowing government-funded research to be commercialized. Research conducted at universities has more important implications for economic development than ever before as more university-created technologies become new products and processes. Consider the impact of Duke, the University of North Carolina, and North Carolina State University on the Research Triangle and the University of Texas in Austin. Moving knowledge and technologies from Louisiana's public colleges and universities to the private sector should be the primary goal of all university technology transfer activities. Colleges and universities must make it easy for companies to access the intellectual capital (people), intellectual property (processes and products), and specialized labs and equipment in their institutions.

Benchmarks to track progress toward Objective 2.4 include:

- Number of licenses completed (total and percentage to Louisiana companies)
- Number of university cooperative endeavor agreements with companies

Objective 2.5 – To aggressively encourage and support entrepreneurial activity

Entrepreneurial companies – high growth businesses that quickly bring innovations to market – dominate job growth in the United States. States seeking to increase the number of quality jobs must include a focus on the needs of entrepreneurs and their companies, in order to nurture these fast-growing companies that are shaping the future of our economy. A rapidly growing company headquartered in a rural area can be the primary catalyst for economic development. Louisiana must infuse pro-entrepreneurship policies into state laws in ways that help to create a climate that encourages and rewards entrepreneurial behavior.







Benchmarks to track progress toward Objective 2.5 include:

- Business incubators per 10,000 business establishments (number and rank among the states)
- New business starts
- Business churning rate
- Number of women-and minority-owned businesses
- Percentage of total employment in "gazelle" firms
- Annual Small Business Innovation Research (SBIR) awards (total awards per 10,000 business establishments and total dollars awarded)

Objective 2.6 - To develop and promote Louisiana's transportation infrastructure

With two critical east-west Interstate highways, three of the top ten ports in United States, and good rail and air infrastructure, Louisiana is an important transportation center. The state is geographically positioned to be a leader in the transportation industry. The state's physical infrastructure must be continually developed and expanded, and properly maintained.




Benchmarks to track progress toward Objective 2.6 include:

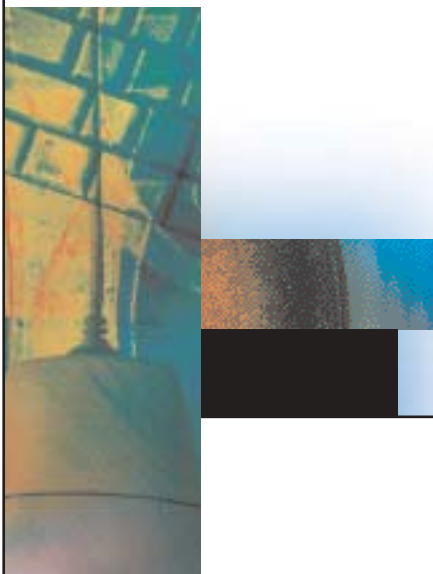
-  Elements of the Louisiana Statewide Transportation Plan fully implemented or funded
-  Elements of the Transportation Infrastructure Model for Economic Development (TIMED) fully implemented
-  Percentage of state highway miles with pavements in poor condition
-  Number of parishes with a public transportation system
-  Number of Louisiana ports in top 10 US ports (based on total foreign and domestic cargo tonnage)
-  Direct air service between Louisiana airports and external locations (foreign cities, domestic hub cities, domestic non-hub cities)

Objective 2.7 - To assess, build, and capitalize on Louisiana's information and telecommunications infrastructure

Access to high-speed Internet services is required for companies to participate in today's global economy, making it critical for economic development. High-speed services are available in the state's metropolitan areas, where companies have invested in that infrastructure. However, in Louisiana as in many other states, telecom companies cannot justify the investments required to move high-speed services into many rural areas. In those areas where market forces do not result in broadband access, government may need to step in with creative ways to encourage development and private sector investment. Such a plan should include an assessment of the viability of utilizing the state's substantial fiber optic assets for this effort.

Benchmarks to track progress toward Objective 2.7 include:

-  Percentage of households with computers
-  Percentage of households with Internet access
-  Percentage of households with broadband Internet available



Objective 2.8 - To have an equitable tax structure, regulatory climate, and civil justice system conducive to business retention and the creation and growth of innovative companies

Having laws and regulations that are conducive to business growth can be one of the biggest challenges for states. Louisiana's leaders must find revenue-neutral options for removing economic obstacles for business expansion and growth. Furthermore, policies related to insurance, energy, civil justice, and other regulations should balance the needs of the citizens and the needs of business.

Benchmarks to track progress toward Objective 2.8 include:

- State bond rating (Louisiana, state median, national ranking)
- Federal funding flows to Louisiana
- State Business Climate Ranking (*Site Selection* magazine)
- Energy prices as a percentage of the West South Central average (electricity and natural gas for residential, commercial, and industrial customers)
- Capital investment in electric power infrastructure (power generation facilities, industrial cogeneration facilities, electric transmission lines, substations)